

**MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
REGIONAL COUNCIL MEETING**

February 24, 2010
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Councilwoman Peggy Neely, Phoenix, Chair	Councilwoman Gloria Cota for Mayor
Mayor Thomas Schoaf, Litchfield Park,	Yolanda Solarez, Guadalupe
Vice Chair	* Supervisor Mary Rose Wilcox, Maricopa Co.
# Councilwoman Robin Barker, Apache Junction	Mayor Scott Smith, Mesa
# Mayor Marie Lopez Rogers, Avondale	* Mayor Vernon Parker, Paradise Valley
Mayor Jackie Meck, Buckeye	Vice Mayor Ron Aames for Mayor Bob
# Mayor David Schwan, Carefree	Barrett, Peoria
Councilman Dick Esser, Cave Creek	# Mayor Arthur Sanders, Queen Creek
# Mayor Boyd Dunn, Chandler	* President Diane Enos, Salt River
Mayor Michele Kern, El Mirage	Pima-Maricopa Indian Community
* President Clinton Pattea, Fort McDowell	# Mayor Jim Lane, Scottsdale
Yavapai Nation	Councilwoman Sharon Wolcott, Surprise
# Mayor Jay Schlum, Fountain Hills	# Mayor Hugh Hallman, Tempe
* Mayor Ron Henry, Gila Bend	* Mayor Adolfo Gamez, Tolleson
* Governor William Rhodes, Gila River Indian	* Mayor Kelly Blunt, Wickenburg
Community	# Mayor Michael LeVault, Youngtown
Mayor John Lewis, Gilbert	* Felipe Zubia, State Transportation Board
* Mayor Elaine Scruggs, Glendale	* Victor Flores, State Transportation Board
Mayor James M. Cavanaugh, Goodyear	Roc Arnett, Citizens Transportation Oversight
	Committee

* Those members neither present nor represented by proxy.

Attended by telephone conference call.

+ Attended by videoconference call.

1. Call to Order

The meeting of the MAG Regional Council was called to order by Chair Peggy Neely at 5:05 p.m.

2. Pledge of Allegiance

Vice Chair Thomas Schoaf led the Pledge of Allegiance.

Chair Neely noted that Mayor Hugh Hallman, Councilwoman Robin Barker, Mayor David Schwan, Mayor Jim Lane, Mayor Art Sanders, Mayor Marie Lopez Rogers, Mayor Boyd Dunn, and Mayor Michael LeVault were participating by teleconference.

Chair Neely introduced Councilwoman Sharon Wolcott from the City of Surprise as a new member to the MAG Regional Council and presented her with her membership certificate.

Chair Neely introduced Vice Mayor Ron Aames as proxy for Mayor Bob Barrett, Peoria, and Councilmember Gloria Cota as proxy for Mayor Yolanda Solarez, Guadalupe. She noted that Mr. Mark Muro from the Brookings Institute, who would be giving a presentation later in the meeting on the Intermountain West Partnership, was present by videoconference.

Chair Neely noted materials at each place: the revised agenda, material for agenda items #8, #10, and #11, and revised material for agenda items #5D and #5J.

Chair Neely requested that members of the public who would like to comment fill out a blue public comment card for the Call to the Audience agenda item or a yellow public comment card for Consent Agenda items, or items on the agenda for action. Parking garage validation and transit tickets for those who used transit to attend the meeting were available.

3. Call to the Audience

Chair Neely noted that public comment cards were available to members of the audience who wish to speak on items not scheduled on the agenda that fall under the jurisdiction of MAG, or on items on the agenda for discussion but not for action. Citizens are requested to not exceed a three minute time period for their comments. A total of 15 minutes is provided for the Call to the Audience agenda item, unless the Regional Council requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard.

Chair Neely recognized public comment from Richard Tracy, who thanked everyone for attending the meeting because he understood the effort it takes to come to meetings. Mr. Tracy stated that the area has changed a lot since he came here 42 years ago and he recalled there were horses on 7th Street. He stated that cities of 500,000 in population should grow up to be real cities, and he remarked that he was interested in infill projects. Mr. Tracy noted that employment opportunities in the Valley are diminishing and homebuilding is not the industry it once was. He remarked that the extension of Loop 202 troubled him. Mr. Tracy noted that the route shown on the early 1960s map seemed appropriate at the time, however, the route west of I-10 is no longer needed. He suggested the Loop 202 extension should continue from US-60 parallel to Baseline Road. Mr. Tracy stated that President Obama and the U.S. Senate are interested in rapid rail. He stated that Arizona is 20 years behind and it is time to have rapid rail from Tucson to Phoenix. Mr. Tracy commented that having commuter rail for three hours in the AM peak period and three hours in the PM peak period is not worthwhile. He stated that in New York when he was growing up, most of passenger rail operated in the daytime and freight rail operated in the nighttime hours. Mr. Tracy stated that more freeways are not needed, but commuter rail is needed to move 1.5 million people. Chair Neely thanked Mr. Tracy for his comments and confirmed that Mr. Tracy understood that the Regional Council could not respond to his comments in this forum. Mr. Tracy acknowledged that he understood.

Chair Neely recognized public comment from Dianne Barker, who said that she took the bus to the meeting. Ms. Barker expressed appreciation for former Judge Richard Tracy's comments. She

commented that this region has always been car oriented, however, people who never used public transit before are now using light rail, so the region is moving in the right direction to cut down on congestion and traffic pollution. Ms. Barker reported that she can be in Scottsdale until 10:00 p.m. and is still able to ride transit home, however, she still needs her bicycle to get home in Phoenix. She noted that there is so much traffic at the Airpark and she thought those commuters could benefit from using transit. Ms. Barker stated that she attended the MAG Domestic Violence Summit earlier in the day and she recounted that she learned about sustainability and how to collaborate on resources. Ms. Barker stated that she also learned about inexperience of police force and the court system regarding domestic violence, and she said that part of the Summit focused on educating these workers to raise awareness of what can happen in a domestic violence situation. Chair Neely thanked Ms. Barker for her comments.

4. Executive Director's Report

Dennis Smith, MAG Executive Director, reported on items of interest in the MAG region. He announced that the biennial Desert Peaks awards event will be held following the June 30, 2010, Regional Council meeting. Mr. Smith noted that the due date for nominations is March 12, 2010. Mr. Smith encouraged Regional Council members to submit the names of those who could serve as judges.

Mr. Smith announced that MAG Senior Engineer, Bob Hazlett, was named Outstanding Engineer of the Year during Engineer's Week 2010. Mr. Smith commented that Mr. Hazlett has done great work at MAG on the Statewide Reconnaissance Study, the Hassayampa Framework Study, and the Hidden Valley Framework Study. He noted that Mr. Hazlett brings experience from other states and fresh ideas to MAG. The Regional Council applauded Mr. Hazlett.

Mr. Smith noted that the Joint Public Hearing with the State Transportation Board, Citizens Transportation Oversight Committee, Valley Metro, METRO and the City of Phoenix Public Transit Department will be held on Friday, March 19, 2010, at noon. He stated that Regional Council members are invited to have lunch with the Board and attend the hearing.

Mr. Smith stated that approximately 100 people, including Chair Neely and Mayor Lane, attended the MAG Domestic Violence Summit held earlier in the day. Mr. Smith noted that Steve Twist, Former Chief Assistant Attorney General of the State of Arizona, was the keynote speaker. He stated that Mr. Twist wrote the Criminal Code for Arizona in the 1970s while working at the League of Arizona Cities and Towns and later worked for the Arizona Attorney General's office. Mr. Smith repeated a quote from Mr. Twist: "Let your plan be a voice for victims who have been silenced too long." He noted how domestic violence affects quality of life and also many areas of municipal services. He said that organizations present included the Mesa Police Department and Prosecutor's Office, City of Avondale, Glendale Fire Department, the Arizona Supreme Court, Arizona Prosecutor's Advisory Council, and AZ Post. Mr. Smith acknowledged the efforts of MAG staff members Renae Tenney and Amy St. Peter on organizing the event.

Mr. Smith announced that the Regional Council Executive Committee, to increase communication, approved MAG joining a social media program, beginning with a launch of Twitter. He acknowledged the efforts of Matt Culbertson, MAG Communications Intern, on implementing this project, and he noted that a number of followers have already signed up.

Chair Neely thanked Mr. Smith for his report. She acknowledged the sponsorship of St. Luke's Foundation for the Domestic Violence Summit and remarked that having partnerships of this type are important. Chair Neely commented that staff had done a fine job organizing the event.

5. Approval of Consent Agenda

Chair Neely noted that agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, #5I, #5J, #5K, and #5L were on the Consent Agenda. She noted that no public comment cards had been received.

Chair Neely asked members if they had questions or requests to hear an item individually. No requests were noted.

Mayor Hallman commented on agenda item #5J and asked for confirmation that the changes to the Work Program requested at Executive Committee had been included in the material. Mr. Smith replied that the material at each place for agenda item #5J included the consolidation discussed at the Executive Committee meeting to include the Tempe and regional projects.

Mayor Hallman moved to approve the Consent Agenda. Vice Mayor Aames seconded, and the motion passed unanimously.

5A. Approval of the January 27, 2010, Meeting Minutes

The Regional Council, by consent, approved the January 27, 2010, meeting minutes.

5B. Regional Community Network Roles and Responsibilities

The Regional Council, by consent, approved the Regional Community Network Roles and Responsibilities document. The Regional Community Network (RCN) project is a fiber optic communications network that, when completed, would connect all MAG member agencies for the primary purpose of coordinating traffic control operations between neighboring agencies. The first phase of the project is currently being implemented by the Arizona Department of Transportation through an Intelligent Transportation Systems (ITS) project. The RCN Working Group, consisting of members of the MAG ITS Committee and the MAG Technology Advisory Group (TAG), has developed a Roles and Responsibilities document to facilitate the operation of the network. The MAG ITS Committee, the MAG TAG, the MAG Transportation Review Committee, and the MAG Management Committee recommended approval of the Roles and Responsibilities document.

5C. Recommendation to the Arizona Department of Transportation's Safe Routes to School Program

The Regional Council, by consent, approved the ranked list of projects to be submitted to the Arizona Department of Transportation for the Safe Routes to School Program. The Arizona Department of Transportation's (ADOT) Safe Routes to School (SRTS) Program provides annual grants for road safety improvement projects that are related to access to schools. The program provides grants to public and nonprofit agencies for projects that improve road safety and encourage more K-8 children to walk or bike to their neighborhood schools. This is the fourth cycle of the program, and grants will be provided to projects that implement infrastructure improvements as well as projects that would involve education,

training and encouragement. In response to the ADOT request for proposals announced in October 2009, a total of 10 project applications from the MAG region was received by ADOT. The ADOT proposal review process stipulates that MPOs and COGs must recommend a ranked list of projects to ADOT by February 26, 2010. These recommendations will be considered by a statewide SRTS panel that will make a final recommendation to ADOT. The MAG Transportation Safety Committee reviewed all project proposals, and on January 26, 2010, recommended a ranked list of projects from the region as the MAG recommendation to ADOT. The MAG Management Committee recommended approval of the list of projects.

5D. Project Changes – Amendments and Administrative Modifications to the FY 2008-2012 MAG Transportation Improvement Program and FY 2010 Arterial Life Cycle Program

The Regional Council, by consent, approved amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, the FY 2010 Arterial Life Cycle Program, and as appropriate, to the Regional Transportation Plan 2007 Update. The Fiscal Year (FY) 2008-2012 Transportation Improvement Program (TIP) and Regional Transportation Plan Update were approved by the MAG Regional Council on July 25, 2007. Since that time, there have been requests from ADOT, Peoria, City of Phoenix, and the Regional Public Transportation Authority to add new highway and transit projects and modify project costs in the programs. The new projects being added to the TIP are fiscally constrained and funding is available. The MAG Transportation Review Committee and the MAG Management Committee recommended approval of the project changes. Since mailing the Regional Council agenda, the attachment covering the “Request for Project Change - 2008-2012 MAG Transportation Improvement Program” was updated to provide additional information in the “Requested Change” column.

5E. Programming of Projects for MAG Federal Congestion Mitigation and Air Quality Funding in the Draft 2011-2015 MAG Transportation Improvement Program

The Regional Council, by consent, approved a list of Congestion Mitigation and Air Quality funded projects to be added to the Draft FY 2011-2015 MAG Transportation Improvement Program. The MAG Regional Transportation Plan (RTP) allocates MAG Federal Congestion Mitigation and Air Quality (CMAQ) funds to specific modes, and, in some cases, identifies specific projects for the funds. For Intelligent Transportation Systems (ITS), Bicycle, Pedestrian and Air Quality projects, the RTP identified CMAQ allocations, but did not specify individual projects. The CMAQ funding available for PM-10 Pave Unpaved Road projects in FY 2013 is \$4.904 million; \$6.887 million is available for ITS projects in FY 2014; \$8.737 million is available for Bicycle and Pedestrian projects in FY 2014; and \$7.503 million is available for Air Quality/Travel Demand Management Programs. Applications were made available in August 2009 with a due date of September 18, 2009. The related technical advisory committees (TAC) went through a two-tiered committee review process starting in October that resulted in project rankings by the ITS and Bicycle/Pedestrian Committees in November and the Air Quality TAC in December. The Transportation Review Committee (TRC) met in December 2009 and recommended modifications to federal funds for ITS, bicycle/pedestrian, and pave unpaved road projects. MAG staff coordinated the modified project funding amounts and information with the corresponding agency for agreement and modification of project, scope, and costs. This process follows

the Draft MAG Federal Fund Programming Principles. The TRC and the MAG Management Committee recommended approval of the projects.

5F. American Recovery and Reinvestment Act (ARRA) Monthly Status Report

A Status Report on the American Recovery and Reinvestment Act (ARRA) funds dedicated to transportation projects in the MAG region details the status of project development as of February 16, 2010. The report covers highway, local, transit, and enhancement projects programmed with ARRA funds and the status of project development milestones per project. This item was on the agenda for information and discussion.

5G. Appointment of Councilmember Les Presmyk, Town of Gilbert, to Serve as One of the Seven Largest Cities/Towns Elected Officials on the Transportation Policy Committee

The Regional Council, by consent, approved the appointment of Councilmember Les Presmyk, Town of Gilbert, as the one of the seven largest cities/towns elected officials on the Transportation Policy Committee. The composition of the Transportation Policy Committee (TPC), established by the Regional Council on April 24, 2002, includes elected officials from the seven largest cities/towns. In June 2008 the Regional Council appointed the list of TPC members. Mayor John Lewis, the elected official representing the Town of Gilbert on the TPC, notified MAG that the Town is requesting that Councilmember Les Presmyk represent Gilbert on the TPC. The appointment of Councilmember Les Presmyk to the TPC by the Regional Council as one of the seven largest cities/towns elected officials was requested.

5H. New Finding of Conformity for the FY 2008-2012 MAG Transportation Improvement Program and Regional Transportation Plan 2007 Update, As Amended

The Regional Council, by consent, approved the new Finding of Conformity for the FY 2008-2012 MAG Transportation Improvement Program and Regional Transportation Plan 2007 Update, as amended. On July 25, 2007, the MAG Regional Council approved a Finding of Conformity for the FY 2008-2012 MAG Transportation Improvement Program (TIP) and MAG Regional Transportation Plan 2007 Update. Since that time, an amendment has been proposed that includes a design-build project to complete High Occupancy Vehicle (HOV) lanes on the Santan Freeway Loop 202 from Interstate-10 to approximately Gilbert Road, including the ramp connections at Interstate-10 and Loop 101, and a design-build project to complete the HOV lanes and other improvements on Loop 101 from Tatum Boulevard to the junction with Interstate-10. MAG has conducted a regional emissions analysis for the proposed amendment and the results of the regional emissions analysis, when considered together with the TIP and RTP as a whole, indicate that the transportation projects will not contribute to violations of federal air quality standards. On January 25, 2010, a 30-day public review period began on the conformity assessment and amendment. Comments were requested by February 24, 2010. The MAG Management Committee recommended approval.

5I. Conformity Consultation

The Maricopa Association of Governments is conducting consultation on a conformity assessment for an amendment and administrative modification to the FY 2008-2012 MAG Transportation Improvement Program (TIP). The proposed amendment and administrative modification involve projects for Peoria and the Arizona Department of Transportation for FY 2010. In addition, the amendment and administrative modification involves Regional Public Transportation Authority and City of Phoenix projects funded through the Job Access and Reverse Commute and New Freedom programs. The amendment includes projects that are exempt from a conformity determination and the administrative modification includes minor project revisions that do not require a conformity determination. Comments on the conformity assessment were requested by February 24, 2010. This item was on the agenda for consultation.

5J. Discussion of the Development of the Draft Fiscal Year 2011 MAG Unified Planning Work Program and Annual Budget

Each year, the MAG Unified Planning Work Program and Annual Budget is developed in conjunction with member agency and public input. The Work Program is reviewed each year by the federal agencies in April and approved by the Regional Council in May. To provide an early start in developing the Work Program and Budget, this presentation is an overview of MAG's draft proposed new projects for the FY 2011 Work Program. The updated draft budget timeline, the invitation for the Budget Webinar presentation on February 25, 2010, at 1:30 P.M. in the MAG Palo Verde Room, and estimated dues and assessments are included with the budget documents. This item was on the agenda for information and input on the development of the draft fiscal year (FY) 2011 MAG Unified Planning Work Program and Annual Budget.

5K. MAG FY 2011 Regional Human Services Plan

The Regional Council, by consent, approved the MAG FY 2011 Regional Human Services Plan, including the Social Services Block Grant allocation recommendations. The FY 2011 Regional Human Services Plan recommends funding allocations for the Social Services Block Grant (SSBG). The plan also presents the strategies used by public and private agencies to address the impact of the recession on human services delivery. On January 14, 2010, the MAG Human Services Technical Committee voted unanimously to recommend approval of the FY 2011 Regional Human Services Plan, including the SSBG allocations. The MAG Human Services Coordinating Committee and the MAG Management Committee recommended approval of the FY 2011 MAG Regional Human Services Plan and the SSBG allocation recommendations.

5L. Status Update on the June 30, 2009 Single Audit and Management Letter Comments, MAG's Comprehensive Annual Financial Report (CAFR) and OMB Circular A-133 Reports (i.e., "Single Audit") for the Fiscal Year Ended June 30, 2009

The Regional Council, by consent, accepted the audit opinion issued on the MAG Comprehensive Annual Financial Report and Single Audit Report for the year ended June 30, 2009. The public accounting firm of LarsonAllen, LLP, has completed the audit of MAG's Comprehensive Annual

Financial Report (CAFR) and Single Audit for the fiscal year ended June 30, 2009. An unqualified audit opinion was issued on January 29, 2010, on the financial statements of governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information. The independent auditors' report on compliance with the requirements applicable to major federal award programs, expressed an unqualified opinion on the Single Audit. The Single Audit report indicated there was a significant deficiency in MAG's internal control over financial reporting considered to be a material weakness that was corrected prior to the issuance of the statements. There were no instances of noncompliance considered to be material and no questioned costs. The Single Audit report had no repeat findings. No new or repeat Management Letter comments were issued for the fiscal year ended June 30, 2009. The MAG Management Committee and the MAG Executive Committee recommended acceptance.

6. Proposed Federal Economic Stimulus Legislation

Eric Anderson reported on potential stimulus funds legislation. He stated that last month he reported on the "Jobs for Main Street" stimulus bill, which was passed by the U. S. House of Representatives on December 16, 2009. Mr. Anderson noted another bill passed out of the Senate the night before the Regional Council meeting and is back to the House for amendment. He commented that it appears the Senate strategy is to divide the House-passed bill into multiple bills. Mr. Anderson noted that even though the Senate version does not include stimulus money, it provides for a very important thing: it continues the federal transportation authorization through FY 2010. He explained that currently, the federal transportation authorization is operating under continuing resolution that expires February 28, 2010, and he added that if Congress does not continue the legislation the Federal Highway and Federal Transit programs will be shut down. Mr. Anderson commented that a 30-day extension of the legislation is anticipated.

Mr. Anderson stated that in anticipation of receiving stimulus funds, the Regional Council approved two HOV projects at the January meeting: a design-build project on the Santan Freeway from I-10 to approximately Gilbert Road, including the ramp connections at I-10 and L101, and a design-build project for L101 to complete the HOV lanes and other improvements from Tatum Boulevard to the junction with I-10. He advised that due to the Jobs for Main Street bill provision that fifty percent of the funds would need to be under contract in 90 days, ADOT advertised the Loop 202 project February 23rd. Mr. Anderson stated that the project probably could be funded through cash flow, and in any case, the project was due to be constructed in the near term. He commented that if there are no stimulus funds from Congress, the project will be able to move forward and be fully funded. Mr. Anderson advised that they are still working on funding for the Loop 101 HOV project in case there are no stimulus funds. He indicated that he thought there would be a funding opportunity to get this project moving more quickly and they are looking at the program right now.

Mr. Anderson stated that the first project on the Loop 303 project will go to bid this summer. He noted that ADOT has accelerated the final design of all of the segments from I-10 to US-60. Mr. Anderson stated that this has been a long awaited project, not only for the West Valley, but for the entire region.

Chair Neely thanked Mr. Anderson for his report and asked if it is believed that the stimulus bill would be out before the August recess. Mr. Anderson replied that he hoped so.

7. Financial Planning and Fiscal Constraint Requirements for Federal Transportation Funding and Status of Federal Funds Rescission at the Arizona Department of Transportation

Mr. Anderson stated that his presentation on this item would cover two topics: 1) financial planning and fiscal constraint requirements for federal transportation funding and 2) the status of federal funds rescission at the Arizona Department of Transportation (ADOT).

Mr. Anderson stated that the MAG Transportation Improvement Program (TIP) must be constrained to committed revenues. He explained that because the MAG region has to go through an air quality conformity analysis, assurance is needed that the projects will go to construction. In addition, the Regional Transportation Plan (RTP) must be constrained to reasonably available revenues, which allows MAG to make reasonable planning assumptions for sources of revenue, such as assuming that the one-half cent sales tax for transportation would be continued.

Mr. Anderson stated that costs for operations and maintenance of the freeway, transit and street transportation systems and committed or reasonably available revenues to cover those costs must be addressed in the RTP. He stated that MAG is regularly certified by the Federal Highway Administration and Federal Transit Administration to ensure that MAG is complying with federal regulations. Mr. Anderson advised that one of the recommendations from the MAG Certification Review conducted in November 2009 was that MAG produce a Financial Report to document revenues and financial assumptions being made in the RTP.

Mr. Anderson reported that over the past year, the Federal Transit Administration (FTA) has become concerned that agencies will have operating funds for capital projects funded by grants for new or expanded service. He explained that the FTA requested that MAG verify operating funds through a jurisdiction's financial statements, such as capital improvement program or budget.

Mr. Anderson stated that ADOT received a letter from Federal Highway Administration and Federal Transit Administration that says they will not approve any State TIP amendments (the State TIP includes the MAG TIP) until regional TIPs reflect the current revenue at local and federal levels. He explained that the federal agencies have noticed the decline in Arizona's revenue and are concerned that some of the MPOs and COGs in the state are not constrained to their fiscal revenue. Mr. Anderson added that MAG will be putting together the Financial Report requested by the Federal Highway Administration and Federal Transit Administration at the Certification Review to show documentation.

Mr. Anderson reported that within the next few months as the TIP and RTP are being developed, MAG staff will approach some of the member agencies with a request for financial information to begin development of the Financial Report. Mr. Anderson advised that the information requested could include the current levels of funding for streets and transit capital and operations/maintenance; sources of revenue; documentation of local transportation sales tax projections; and revenue enhancements or changes currently planned, such as a bond election.

Chair Neely referenced the Federal Highway Administration and Federal Transit Administration decision to not approve any State TIP amendments and she asked the status of the other MPOs and COGs and if impacts to MAG TIP projects are anticipated. Mr. Anderson replied that what the other

MPOs and COGs do does not impact MAG. He stated that MAG is putting together the TIP and Plan that will be before the Regional Council for an air quality conformity analysis in April. Chair Neely asked if halts to TIP amendments would occur MPO-by-MPO or statewide. Mr. Anderson replied that this is a statewide requirement, but the federal agencies said they will look at individual MPOs, and as long as MAG is fiscally constrained as demonstrated, MAG is in good shape.

Mr. Anderson then reported on the status of federal highway funding. He advised that if the rescission language being discussed in Congress is not repealed, Arizona could lose in excess of \$200 million in federal funds this year.

Mr. Anderson reviewed a chart that showed the federal highway funding process. He pointed out the first box was Authorization, which is the multi-year legislation for the Surface Transportation Act passed by Congress every five or six years. He explained that the legislation designates the maximum amount to highways or transit for each year.

Mr. Anderson stated that the next step is Appropriations, in which Congress appropriates the funds annually. He said that he overall appropriation is then distributed to states, which then distribute the funds to MPOs.

Mr. Anderson moved on to explain obligation limitation, for example, Congress appropriates \$27.5 billion but says only 90 percent of that amount can be spent. Mr. Anderson stated that even though Congress appropriates funds, it does not give spending authority for all of the funds and this difference builds up over time. He reported that last year, Congress rescinded some of that unobligated balance. Mr. Anderson commented that it makes no sense that Congress gives money, does not allow all of it to be spent, and then takes back some of that balance. Mr. Anderson stated that they make a lot of headlines that they are doing a lot for transportation, but at the same time they are pulling a lot of money from the program. Mr. Anderson noted that in FY 2009, this reduced ADOT's unobligated balances by \$171 million. He noted that the current Resolution that continued the Surface Transportation program also carried on the rescissions from FY 2009 to FY 2010, and he remarked that including this rescission reduces the amount of funding to states and regions by 30 percent.

Mr. Anderson advised that if Congress does not take action to repeal the rescission, Arizona stands to lose about \$200 million, and the MAG region about \$30-\$35 million. He noted that this is a serious issue and MAG staff have been in contact with the state's congressional delegation. Mr. Anderson added that Governor Brewer sent a letter to the Arizona congressional delegation requesting that they work on this matter. Mr. Anderson expressed that he thought the rescission issue would be fixed, but if it is not, then there will be serious issues that will need to be resolved.

Mr. Smith reported that the unspent funds count against the national debt and Congress wants the funds back to show they are trying to reduce the federal deficit.

Mr. Anderson advised that because ADOT has drawn down all their balances, ADOT says rescissions are reducing their "real money" that they are able to spend. He commented that further rescissions will have significant impacts on projects in the region.

Mr. Arnett asked if it appeared the rescission funds were being withdrawn equally from all of the states. Mr. Anderson replied that the rescissions are being applied uniformly across the states, however, some states have higher or lower unspent balances than other states. He explained that Arizona has been very conservative and has built up these funds over time. Mr. Anderson added that Arizona will likely be all right unless the rescission is continued to this fiscal year.

Vice Mayor Aames asked if the unobligated funds were carried on the books or used for bonding even though they were never authorized. Mr. Anderson replied that rescission does not affect bonding. He explained that the funds basically sit in a savings account that cannot be touched, like a certificate of deposit, forever. Mr. Anderson added that in the 1990s Congress gave obligation authority to states to spend more than 100 percent of their apportionment, however, he did not think this had happened this decade at all. Vice Chair Aames asked for clarification that these funds had not been obligated. Mr. Anderson replied that was correct, and he added that the next round of rescissions would bring project impacts to the MAG region.

Mr. Anderson continued his presentation. He stated that ADOT had ten days to do all of the accounting work for the \$171 million rescission, and he added that the impact to the MAG region is still unknown. Mr. Anderson explained that MAG loans the funds it cannot obligate to ADOT, and carries them over and brings them back. He remarked that the amount carried over from FY 2008 to FY 2009 totaled more than \$40 million. Mr. Anderson stated that MAG received a letter dated February 1, 2010, that implied that the carryforward funds were gone due to rescission. He reported that MAG staff met with ADOT management due to concern over losing the \$40 million, and ADOT assured MAG they did not think this happened, but they could not guarantee it. Mr. Anderson stated that MAG is waiting for the ADOT ledgers, which are like bank statements, and detail the amounts in different categories. He added that MAG has not been provided with the ledgers since September 2008. Mr. Anderson stated that MAG staff are very concerned due to the rescissions and the letter saying the carryforward had been wiped out. He informed the Regional Council that he told ADOT that MAG needs to see the ledgers and ADOT has committed to providing the ledgers by the end of February. Mr. Anderson noted that staff will update the Regional Council next month.

Mr. Smith stated that there may be problems with some of the accounting and ADOT was hesitant to give MAG inaccurate numbers. He said that ADOT assured MAG staff that the funds being taken back had no obligation authority.

Chair Neely expressed her concern, and she asked if the Proposition 400 audit would include looking at ADOT's numbers. Mr. Anderson replied that was correct. Chair Neely expressed her hope that ADOT would have the records in line so as to avoid a debacle at the audit.

Mr. Anderson stated that federal transportation finance is a very complicated area and he felt that ADOT had been working diligently and it is a matter of a lot of moving pieces.

Councilman Esser referenced that ADOT indicated it would provide the ledgers to MAG by the end of the month. He asked if that date would be extended if not met. Mr. Anderson replied ADOT has the data and the information and if they did not give MAG the ledgers, he did not know if MAG had any recourse. He indicated that he thought ADOT financial management staff was working diligently on

this and he felt that the meeting impressed upon senior management staff that this is very serious to MAG. Mr. Anderson commented that MAG tries to manage its program from a cash standpoint as effectively as it can, and where the program stands in terms of funding is a key piece of information.

Councilman Esser asked for clarification that the end of February was a target date and not a deadline. Mr. Anderson replied that ADOT committed to have the ledgers to MAG by the end of the month.

Chair Neely asked if there was a specific person from ADOT who could attend the next Regional Council meeting to answer questions if the ledgers are not received. Mr. Anderson replied that MAG could make that request if the information is not received by MAG.

8. Status of the Transit Planning Agreement and Discussion of Potential Legislation

Mr. Anderson noted that his presentation would include two sections: 1) the proposed transit planning agreement (MOU), which is on the agenda for information and discussion this month, and for approval in March following the Board meetings of Regional Public Transportation Authority (RPTA), and Valley Metro Rail (METRO). 2) Senate Bill (SB) 1416, whose purpose is to align MAG's federal transit planning roles and responsibilities included in the MOU with state statutes.

Mr. Anderson stated that during the certification review of the MAG program, the FTA made it clear that MAG needs to do the programming of transit funds and also long range transit planning. He explained that MAG has been delegating the long range transit planning to RPTA. Mr. Anderson advised that if MAG is doing a truly integrated plan, it needs to have all of the pieces in-house.

Mr. Anderson provided background on the MOU. He stated that the process to examine the regional transit programming and planning roles performed by MAG, the City of Phoenix Transit (the designated recipient for federal transit funds), the RPTA, and METRO began about one year ago with meetings of a staff working group consisting of representatives of the four agencies. Mr. Anderson reported that the meetings culminated in a special Executive Committee conference call meeting on February 19, 2010. He expressed that he thought all of the issues have been resolved among the four agencies.

Mr. Anderson noted that for system planning and programming, MAG is the lead agency, and this is clarified in the MOU. He said that the responsibility for project planning rests with the appropriate agency. Mr. Anderson explained that the MOU also reinforces the importance of local jurisdictions on project development work, and he added that he thought the MOU clarifies how the process works very succinctly. Mr. Anderson stated that MOU clarifies that balancing the costs and revenues in the transit life cycle program will be done in coordination with the regional planning agency, which is MAG. He said that additionally, any changes to the transit program that impact the Regional Transportation Plan must be approved by MAG. Mr. Anderson noted that this is the way the process works currently, but it is being clarified in the MOU and state law. He expressed that he thought the changes are consistent with discussion at the agencies, and he remarked that the MOU was for discussion only tonight and SB 1416 was for guidance on moving forward. Chair Neely thanked Mr. Anderson for his report and asked members if they had questions.

Mayor Hallman commented that a minor change to some of the language in the MOU was still needed, but since the MOU was not for approval, he could wait to address this at the Executive Committee meeting. He commented that the big issue is to clarify the long range transit planning to ensure compatibility with 20-year plan and the conformity analysis. Mayor Hallman stated that the discussion at Executive Committee was about keeping local control at the local level and that MAG would handle the regional elements, which does not reach down to corridor level planning, but would coordinate that effort as it rolls up into the larger plan.

Mayor Hallman moved approval of draft SB 1416 as rewritten and modified, and discussion of the MOU, which will be presented for approval in March following consideration by the METRO Board at its March 3, 2010, meeting. Mayor Lane seconded.

Chair Neely asked if there was discussion of the motion. Hearing none, she called for a vote, which passed unanimously.

Chair Neely thanked Mayor Hallman for his input during this process, which was very helpful, and staff for their hard work.

9. 2008 Implementation Status of Committed Measures in the MAG 2007 Five Percent Plan for PM-10

Cathy Arthur, MAG Senior Air Quality Policy Planner, provided a report on the status of the committed measures in the MAG 2007 Five Percent Plan for PM-10. She stated that on May 23, 2007, the MAG Regional Council approved additional items for the Suggested List of Measures to reduce PM-10. Ms. Arthur stated that one of these items was that MAG would issue a report each year on the status of implementation of committed measures in the MAG 2007 Five Percent Plan for PM-10, and she added that the report would be made available to the Governor's Office, Legislature, the Arizona Department of Environmental Quality (ADEQ), and Environmental Protection Agency (EPA).

Ms. Arthur advised that the 2007 Five Percent Plan for PM-10 was submitted on time to the EPA in December 2007, as required by the Clean Air Act. She said that the Plan contained 53 committed measures that began implementation in 2008, and she added that modeling demonstrates attainment of the PM-10 standard in 2010. Ms. Arthur stated that clean data are required at monitors in 2008, 2009 and 2010 in order to attain the PM-10 standard, and she said that MAG will report the implementation status of the committed measures in the Plan two more times.

Ms. Arthur stated that MAG staff, in consultation with member agencies, developed tracking forms to assist member agencies in reporting progress in implementing the measures. She advised that the forms were sent to member agencies in March 2009 and the completed forms were received back from all agencies by July 2009. Ms. Arthur noted that three MAG workshops were held on tracking the implementation of the measures in the Five Percent Plan, in December 2007, September 2008, and March 2009.

Ms. Arthur then provided a summary of the measures tracked. She stated that there are 18 measures implemented by the State, 39 by Maricopa County and 15 by local governments. Ms. Arthur also

indicated that 25 of the measures were quantified for credit against the Five Percent Plan and the modeling of attainment, 11 were quantified as contingency measures, and 17 were not quantified.

Ms. Arthur reviewed Measure 26: Pave or stabilize existing public dirt roads/alleys, which exceeded the commitments. Ms. Arthur stated that 62 miles of public dirt roads were paved or stabilized in 2008, which is 12 miles more than the commitments; and 242 miles of dirt alleys were paved or stabilized in 2008, which is 90 miles more than the commitments. She stated that 412 curb miles of shoulder were paved or stabilized in 2008, 167 miles more than the commitment. Ms. Arthur also gave as an example Measure 8: Conduct nighttime and weekend inspections. She noted that the largest PM-10 reduction credit in the Plan was taken for this measure. Ms. Arthur stated that Maricopa County conducted some nighttime and weekend inspections in 2008, but the program was not fully implemented, as the County was focused on hiring and training additional staff. She noted that the County is making more progress in 2009, and has initiated a pilot program, followed by cross-training of inspectors.

Ms. Arthur concluded her presentation by summarizing the report: A majority of the implementation results meet or exceed commitments in the Plan; most measures began implementation in 2008; some measures (e.g., paving projects due to economic conditions) will not be fully implemented until 2009 or 2010; MAG will continue to track progress in implementing Plan commitments in 2009 and 2010 and PM-10 concentrations at the monitors; and the measures need to be implemented as quickly as possible to attain the PM-10 standard by 2010.

Chair Neely thanked Ms. Arthur for her report and asked members if they had questions. None were noted.

Mayor Cavanaugh moved approval to forward the 2008 Implementation Status of Committed Measures in the MAG 2007 Five Percent Plan for PM-10 in the Maricopa County Nonattainment Area to the Governor's Office, Legislature, Arizona Department of Environmental Quality, and the Environmental Protection Agency. Councilman Esser seconded, and the motion carried unanimously.

10. Brookings Intermountain Partnership Report

Mr. Mark Muro, Fellow and Policy Director for the Brookings Metropolitan Policy Program, provided a report to the Regional Council on the activities of the Brookings Institution on behalf of the Intermountain West Partnership. He thanked MAG for investing in the work of the Brookings Institution on western transportation issues.

Mr. Muro reported that Brookings worked in the second half of 2009 to highlight Intermountain West transportation and insert into national and regional debates the key transportation reform priorities prized by metropolitan planning organizations and other regional leaders. He said that using the Brookings report, "Mountain Megs" as a starting point, they sought to report on regional trends and perspectives, comment on them, and connect them to federal policy discussions in advance of significant federal transportation legislation.

Mr. Muro stated that Brookings produced a major new research paper in fall 2009, generated extensive regional and national media comment, and began to engage in important policy consultation and

education—all aimed at conveying to all audiences, including federal policymakers, the need for more extensive federal infrastructure investment, more direct allocation of transportation dollars to metropolitan areas, new finance structures, and more funding for transit investments to support greenhouse gas and energy consumption goals.

Mr. Muro updated members on the status of work to date. He stated that the initiative's first major product, "Expect Delays: An Analysis of Air Travel Trends in the Intermountain West," was released in October 2009. He said that this report was the first of its kind to analyze air travel among metropolitan areas (as opposed to individual airports), and advanced a number of findings, for example, it showed that Salt Lake City operates one of the most delay-free airports in the nation. Mr. Muro stated that the report highlighted that short-haul air travel between Los Angeles and Phoenix, and Los Angeles and Las Vegas, exceeds that on all other routes but one. Mr. Muro commented that this finding received extensive attention in high speed rail discussions, as the paper argued that such traffic points to potential demand for rail and suggests that authorities should consider such air passenger volume when selecting high speed rail investments.

Mr. Muro stated that Brookings worked to communicate the Partnership's perspectives on national and regional transportation issues through the media. He said that as a result, newspapers in the region (and elsewhere) covered the air traffic report, commented on I-11, and quoted Brookings and work group principals on a number of transportation issues. Mr. Muro stated that strong messages about the volume of the inter-metro traffic flow between Los Angeles and Phoenix and Las Vegas and the need for I-11 were communicated.

Mr. Muro stated that the Institution established its own blog, which has provided a new outlet for commentary on key events, policy questions, and national discourse that affect metropolitan areas across the world. He reported that posts specifically relating to transportation and infrastructure issues either relevant to the Intermountain West or directly focused on the region have been written by Rob Puentes, himself and their colleagues.

Mr. Muro stated that Brookings has sought to support Intermountain West policy discussions and link them to broader national ones, and has provided presentations on transportation issues and memoranda to leaders to support their work. He said that Brookings has worked to convey to the Obama administration officials and agencies the message that MPOs require greater investment and more latitude in transportation programming. Mr. Muro stated that among other activities, Brookings staff have served as an ongoing resource to the leaders of the new White House Office of Urban Affairs; served as a resource to the U.S. Department of Transportation (DOT) regarding their discretionary high speed rail grants and the Transportation Investment Generating Economic Recovery (TIGER) grants; and consulted with members of the HUD/DOT/EPA Sustainable Communities collaborative.

Mr. Muro stated that over the next year, the initiative plans to continue to comment on key transportation issues even as it develops more substantial research and policy products. He said they would like to work more closely to identify issues and priorities important to MAG. Mr. Muro stated that Brookings is now collecting data from multiple sources in order to complement the recent air travel brief with a similar analysis for rail travel and the research team is also looking to extend this analysis to transit ridership. Mr. Muro stated that they are in the beginning stages of developing a major paper on MPO

structure and governance and they will solicit input from the work group investors. Mr. Muro stated that they will continue to push wherever they can toward such priorities as direct allocation of transportation dollars to metropolitan areas; new finance structures; and funding for transit investments. He expressed appreciation to members for the privilege of working with MAG and said that staff look forward to hearing more from members about opportunities for future work.

Chair Neely commented that the majority of the articles written on behalf of this effort appeared in Las Vegas publications. Chair Neely asked if the objective is to have a national focus, should publications such as the New York Times be targeted and she asked how that benefits our readers and convey the message to our delegation and to those who make the final decisions.

Mr. Muro replied that due to the collaborative, they have funding from Las Vegas and Salt Lake City so they are trying to communicate in all areas, and are trying to convey the need for multistate engagement. He pointed out the blogs they write in The New Republic and send those out a lot in Washington, DC. Mr. Muro stated that he understood Chair Neely's point about the newspapers but they consider their blog work a very useful way to communicate in Washington, DC. He stated that they will work hard on national media in the next six months.

Chair Neely stated that she is a representative of Arizona and she wanted to ensure that Arizona's interests and message are being heard. She requested that there be more focus on Arizona papers and on a national level. Chair Neely commented that as a politician, she did not particularly like blogs, but understood they are a mode and media.

Mr. Muro replied that Chair Neely's point was well-taken. He said that he would put together a package of blogs, and added that their blogs are more rigorous, well-written and well-argued efforts than many blogs. Mr. Muro stated that 50 department of transportation administrators receive their blogs and they use Washington, DC language in their writing style.

Mayor Rogers asked the status of the direct allocations and financial structures. Mr. Muro replied that he felt that they and other people are making inroads, especially with the Obama Administration, which he thought helps to elevate the issue. Mr. Muro stated that direct allocation is a critical factor and they are receiving good hearing from the Administration and the Department of Transportation, however, Congress is a more difficult and fragmented discussion.

Mayor Rogers expressed concern that the report was not issued to allow members time for ample review and research. She also expressed concern that there were not enough media reports in Arizona and she said she would like to see more deliverables in the future.

Mayor Rogers asked Mr. Smith the benefit to MAG from this study. Mr. Smith replied that reauthorization is at stake. He commented that Brookings has avenues into a lot of places that MAG cannot touch. Mr. Smith remarked that it was fortunate that Mr. Muro heard Mr. Anderson's report on the financial situation. He said that MAG does not know if it has the \$40-\$50 million it loaned forward to ADOT. Mr. Smith commented that MAG represents more than four million people, the region contributes more in half cent sales tax funds than it receives in federal funds, and it needs to have Brookings take back the message that all MPOs are not created equal. Mr. Smith stated that this is

getting very complicated for ADOT and is a holdover from the interstate system where the DOTs and FHWA had to have a good relationship to get something done, but those times are past. Mr. Smith stated that MAG has been contributing its own sales tax to fund transportation since 1985 and he thought that federal funds need to come directly to those regions that have demonstrated responsibility. Mr. Smith stated that the Concept Paper that shows how much the MAG region has contributed to this system and that it should receive a special benefit for that has been given to Brookings. He commented that staff cannot get it all done in Phoenix. He extended his apologies for the report not being provided sooner. Mr. Smith added that he thought this was a great start to changing federal policy, which will take a long time to accomplish.

Mayor Rogers expressed her appreciation, but said that it has been almost one year since Brookings began work and she was hoping to hear more progress had been made. She agreed that reauthorization is key for MAG.

Chair Neely thanked Mr. Muro for joining the meeting. She commented that bringing direct funding to MPOs would be a huge success for MAG. Chair Neely stated that one less layer would be helpful for all.

Mr. Muro expressed his pledge that Brookings would seek opportunities to convey MAG's message. He requested that members communicate any ideas, suggestions, papers or materials to him they feel he should know about. Mr. Muro stated that they would apprise MAG more frequently.

11. Legislative Update

Mr. Smith introduced Patty Camacho, MAG's new Senior Policy Planner, who comes to MAG from Ohio with experience as a lobbyist with homebuilders and the University of Toledo.

Ms. Camacho began her report by addressing federal legislation. She said that the "Initial Jobs Bill," which is Senator Reid's version of HR 2847, was passed by the Senate that day. Ms. Camacho stated that the bill goes back to the House, and she advised that any House amendment or delay would make it impossible for HR 2847 to be signed into law by midnight on February 28, 2010. She explained that this means a separate extension of Highway Trust Fund spending. Ms. Camacho reported that Senator Reid's offices sent a "hotline" request announcing his intent to ask unanimous consent later today to take up an unrelated House bill extending the Highway Trust Fund portions of the continuing resolution that is currently funding Highway Trust Fund programs. She stated that the House Rules Committee is expected to meet today to consider identical or very similar 30-day extension legislation for all those provisions that expire on February 28th.

Ms. Camacho stated that the Senate Initial Jobs Bill includes the following provisions: 1) Restores money to the Highway Trust Fund to ensure its solvency through December 31, 2010, at current funding levels. 2) Allows the Highway Trust Fund to earn interest. 3) Extends the expired highway bill and restores about \$12 billion in state highway funding cuts scheduled to occur over the course of 2010. 4) Provides for expansion of the Build America Bonds program, allowing states and local governments to borrow at lower costs to finance more infrastructure projects. 5) Provides an extension of SAFETEA-LU through December 31, 2010.

Ms. Camacho then moved on to President Obama's Department of Transportation Budget for FY 2011. She indicated that the Administration notes that the highway program expired on September 30, 2009 and repeats its request that authorization be extended through March 2011 to allow time for Congress and the Administration to work on new legislation stating that "STP and the system for paying for them must be fundamentally reformed." Ms. Camacho reported that the Administration changed some transportation programs in their budget submission, for example, a request to create a new National Infrastructure Innovation and Finance Fund within the Department of Transportation to provide \$4 billion in grants and credit assistance for a variety of modes, including highway, tunnel, bridge transit, commuter rail, passenger and freight intermodal facilities, passenger rail, Amtrak, airports and ports. She stated that the administration does not propose to continue the TIGER grants. Ms. Camacho informed members that staff will monitor both of these pieces of legislation as they evolve and will communicate through email any noteworthy and time sensitive issues.

Ms. Camacho reported on state legislation. She said that staff is working with Senator Nelson's office to identify a vehicle for SB 1416, which was described by Mr. Anderson earlier in the meeting.

Chair Neely thanked Ms. Camacho for her report and welcomed her to MAG.

12. Request for Future Agenda Items

Topics or issues of interest that the Regional Council would like to have considered for discussion at a future meeting will be requested.

No requests were noted.

13. Comments from the Council

An opportunity will be provided for Regional Council members to present a brief summary of current events. The Regional Council is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

No comments were noted.

14. Adjournment

There being no further business, Vice Chair Schoaf moved to adjourn, Councilman Esser seconded, and the meeting adjourned at 6:28 p.m.

Chair

Secretary